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January 15, 2003

Honorable Jerry Luke LeBlanc, Chairman
Performance Review Subcommittee of the
Joint Legislative Committee on the Budget
and Members of the Subcommittee
P. O. Box 44294
Baton Rouge, LA 70804

Re: Exceptional Performance and Gainsharing Incentive Program
Proposal by the Department of Health and Hospitals,
Office of Addictive Disorders, Treatment and Prevention
(Detoxification) Program

Dear Committee Members:

In accordance with Louisiana Revised Statute (R.S.) 39:87.5(D)(8), we have completed our analysis of the material and substantive accuracy of the proposal submitted by the Department of Health and Hospitals (DHH), Office of Addictive Disorders (OAD), Treatment and Prevention Program. The department's reward proposal is based on the Exceptional Performance and Efficiency Incentive Program. Its proposal is based on the performance of non-medical detoxification activity in the Treatment and Prevention Program and requests a total reward of \$609,900. DHH/OAD would use its reward to replace obsolete computers at OAD headquarters and nine regional offices, purchase a storage management system, purchase equipment for storing data via imaging, and provide training for the new web-based application. In addition, DHH/OAD will purchase desktop publishing tools.

Attachment 1 to this letter provides the results of our verification and analysis of the proposal (Attachment 2). In summary, our verification found the following:

- DHH's OAD requests funding for non-recurring expenditures in the amount of \$609,900. However, the documentation provided to us by OAD only supports \$456,254 in expenditures.
- The proposal was not materially accurate for the following reasons:
 - The values for the non-medical detoxification performance indicators included activity for two medical detoxification units.
 - The values for fiscal year 2000 did not include activity for one of the non-medical detoxification units.

Honorable Jerry Luke LeBlanc, Chairman
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- We could not determine if the performance standard calculations include the two medical detoxification units.

I hope this information is useful in your legislative decision-making. A copy of this information has been provided to DHH.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with the first name "Daniel" being the most prominent.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK/ss

Attachments

[DHHOAD03]

Office of the Legislative Auditor

*Department of Health and Hospitals (DHH), Office of Addictive Disorders,
Treatment and Prevention Program, Non-Medical Detoxification Activity
Verification of Proposal Based on the Exceptional Performance
and Efficiency Incentive Program*

Louisiana Revised Statute (R.S.) 39:87.5(D)(8) requires the legislative auditor to verify the material and substantive accuracy of the information contained in a proposal submitted pursuant to the Exceptional Performance and Efficiency Incentive Program. R.S. 39:87.5(D) provides the types of performance to be achieved to qualify for a reward. A proposal may be based on exceptional performance wherein an agency demonstrates that it has consistently met or exceeded a significant number of the standards for its key and supporting performance indicators related to a particular activity.

DHH's OAD bases its proposal (see Attachment 2) on exceptional performance, specifically exceeding the performance standards for Total Number of Admissions and Occupancy Rate for the non-medical detoxification units. It should be noted that the activity for which OAD seeks a reward does not have any direct employees. All of the non-medical detoxification facilities are contracted services provided by private vendors.

Proposed Reward Amount

DHH/OAD is seeking a reward to be used for non-recurring expenditures in the amount of \$609,900. The reward will be used to purchase new computers for OAD headquarters and its nine regional offices, an imaging solution package, a scanner, a digital camera, a Tivoli Storage Management system for tape backup and restoration, desktop publishing software, and training.

We reviewed the source documentation and found that it only supports \$456,254 of the reward request, a difference of \$153,646. The amount in the proposal includes spending \$1,800 per computer for 223 computers. However, the information technology budgeting guidelines established by the Office of Information Technology only allow for \$1,250 per desktop computer. This reduces the amount of the reward request by \$122,650. In addition, the proposal calls for \$50,000 in training. The documentation only supports \$14,740 in training costs. OAD officials said that the documentation is based on immediate training needs, but they anticipate that more training will be needed.

Accuracy of Information in the Proposal

The proposal (Attachment 2, page 1) is based upon OAD's exceeding certain performance standards for the non-medical detoxification program. However, we found that the performance indicator values are based upon data that include activity for two medical detoxification facilities in addition to the non-medical detoxification facilities.

Although the data included medical facilities and were sometimes incomplete, we still attempted to verify the accuracy of the numbers in the proposal. We were unable to determine if the performance standards were calculated based upon only the non-medical detoxification facilities or if the calculations also included the medical facilities.

The fiscal year 2000 indicator values provided by the agency do not include one of the non-medical detoxification facilities. According to OAD officials, this facility did not submit data for this year. As a result, actual performance is understated for that fiscal year.

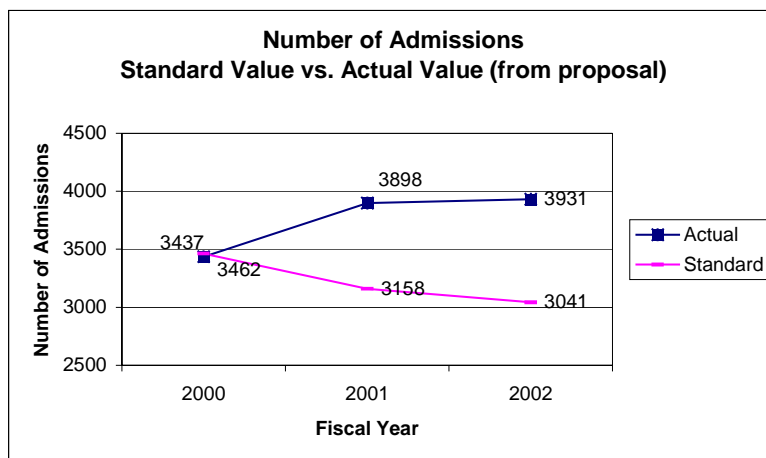
Inaccuracies in the Performance Indicator Values

The proposal included five performance indicators. We found that the values for these indicators were not calculated properly as explained below.

Total Number of Admissions. We found the values reported in the proposal for this indicator to be inaccurate for all three fiscal years. We recalculated the total number of admissions after removing the values for the two medical detoxification units and found the following:

Total Number of Admissions			
Fiscal Year	Standard	Actual (from proposal)	OLA Calculation
2000	3,462	3,437	2,327
2001	3,158	3,898	2,797
2002	3,041	3,931	2,869

We also noted during our review of this indicator that the performance standard is decreasing while the reported number of admissions are increasing as illustrated below.



Source: Prepared by legislative auditor's staff using information from the Louisiana Performance Accountability System and information received from OAD.

The proposal states that this indicator demonstrates OAD's ability to respond to the demand for treatment (as documented by a waiting list in excess of 100 individuals). However, the documentation that OAD provided showed the waiting list averaged 44 individuals per year during fiscal year 2000 through fiscal year 2002 for the non-medical detoxification facilities.

Occupancy Rate. We found the values reported in the proposal for the occupancy rate to be inaccurate for all three years. We recalculated the occupancy rates after removing the values for the two medical detoxification facilities.

Occupancy Rate			
Fiscal Year	Standard	Actual (from proposal)	Actual (OLA Calculation)
2000	80%	90%	87%
2001	84%	93%	95%
2002	N/A*	96%	96%

* Reported as a general performance indicator for fiscal year 2002.

Average Daily Census. We found the values reported in the proposal for the Average Daily Census to be inaccurate for all three years. We recalculated the Average Daily Census after removing the values for the two medical detoxification units and found the following:

Average Daily Census			
Fiscal Year	Standard	Actual (from proposal)	Actual (OLA Calculation)
2000	66	76	59
2001	58	79	66
2002	75	81	65

Recidivism Rate. We found the values reported in the proposal for this indicator to be inaccurate for all three years. We recalculated the recidivism rate after removing the values for the two medical detoxification units and found the following:

Recidivism Rate			
Fiscal Year	Standard	Actual (from proposal)	Actual (OLA Calculation)
2000	25%	31%	21%
2001	45%	23%	18%
2002	38%	26%	20%

Cost per Client Day. We were unable to verify the accuracy or reliability of the actual values. OAD officials said that the DHH assistant secretary sets this rate and it is not calculated by OAD. In addition, although this indicator is included in the proposal, it is not the basis for the reward request.

Attachment 2

Department of Health and Hospitals
Office of Addictive Disorders,
Treatment and Prevention (Detoxification)

Proposal for Incentive Fund Reward
Based on Exceptional Performance

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

DEPARTMENT: Health and Hospitals SCHEDULE: 09

AGENCY: Office for Addictive Disorders PROGRAM: Treatment and Prevention (DETOXIFICATION)

ACTIVITY: Admissions and Occupancy Rate

SUBJECT FISCAL YEAR: SFY 2000, 2001 and 2002

This proposal is for a reward based on exceptional performance.

Non-Medical Detoxification. Program Authorization: R.S.36:258(E); R.S.28771 et seq. mandates treatment. The detoxification program is a 24 hours/day service designated for substance abuse clients who need immediate acute care but are not facing any urgent health problems. The Agency has provided Detoxification Services, since its inception in 1992.

The Office for Addictive Disorders (OAD) exceeded the performance standard in the areas of **Total Number of Admissions and Occupancy Rate**. The Actual for these indicators exceeded the Performance Standard set for SFY for 2000, SFY 2001 and SFY 2002

If OAD is awarded the reward, the monies will be used to maintain the Office's capability to provide quality treatment in the most cost effective manner through an improved data reporting system. This will allow for informed decision making based on client/program outcomes, resulting in more appropriate treatment and placement of clients.

Application prepared by: Guadalupe Bankston Date: 11/06/2002

Signature

Guadalupe Bankston

Agency head approval: Michael Duffy, Acting Assistant Secretary Date: 11/06/2002

Signature

Michael Duffy

Received by the Performance Review Subcommittee: Date:

Sent to the Legislative Auditor Date:

Response from Legislative Auditor: Date:

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Disposition by Subcommittee:

Date:

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Part One: Explanation of the Activity and the Exceptional Performance

- A. Provide a detailed narrative description of the subject activity or program(s) and summarize the exceptional performance achieved by that entity.**

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Non-Medical Detoxification

The Office for Addictive Disorders (OAD) exceeded the performance standard in the area of Total Number of Admissions and Occupancy Rate. The actuals for these indicators exceeded the performance set for FY for 2000, FY 2001 and SF 2002.

Total number of admissions: Measures the need, utilization and demand for services. Admissions to detoxification programs represent a critical point in the treatment process. Treatment provided at this point is geared toward stabilizing the clients functioning so he/she is able to function at the community and or at a lesser restrictive environment. Cost associated with this treatment impacts health, criminal and work force areas. In treatment area, the client success translates into a less costly overall treatment (short-term, intervention versus long term inpatient); criminal activity is highly associated with substance abuse clients, treatment at this stage instead of incarceration, is proven to be less costly and more effective; high health cost is associated with this population without intervention e.g., high incidence of liver and heart diseases, mental disorders, etc. as a result of detoxification treatment clients are able to return to the workforce and the community as productive members of society.

Target was exceeded for FY 2000, FY 2001 and 2002. This indicates OAD's ability to respond to the demand for treatment (as documented by a waiting list in excess of 100 individuals) and to consistently increase utilization of resources while maintaining optimum capacity (Occupancy rate in FY 2000 was 90%, in FY 2001 was 93% and in FY 2002 was 96%).

TOTAL NUMBER OF ADMISSIONS

FY 2000		FY 2001		FY 2002	
Standard	Actual	Standard	Actual	Standard	Actual
3,291*	3,437	3,158	3,898	3,041	3,931

*Revised due to program (Concordia Detox.) closure

Occupancy Rate: Tracks the use of beds and gives a measure of program capacity. Occupancy rate in FY 2000 was 90%, in FY 2001 was 93% and in FY 2002 was 96%). OAD consistently increased utilization of resources while maintaining optimum capacity.

OCCUPANCY RATE

FY 2000		FY 2001		FY 2002	
Standard	Actual	Standard	Actual	Standard	Actual
80%	90%	84%	93%	N/A*	96%

* (Not Applicable) Reported as a GPI

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Program (or agency):	Treatment and Prevention					
Objective:	To admit 3,041 individuals to Detox and have an average daily census of 75.					
	FY 2000		FY 2001		FY 2002	
Performance Indicators	Standard	Actual	Standard	Actual	Standard	Actual
Total number of admissions	3,291*	3,437	3,158	3,898	3,041	3,931
Average daily census	66	76	58	79	75	81
Cost per client day	\$48	\$48	\$35	\$35	\$35	\$35
Recidivism Rate	25%	31%	45%	23%	38%	26%
Occupancy Rate	80%	90%	84%	93%	Not Applicable**	96%

* Revised due to program (Concordia Detox,) closure

** (Not Applicable) Reported as a GPI

- C. **Expenditures.** For the subject year and the preceding year, provide the following expenditure data for the program(s) (or equivalent) in which the subject activity occurred, as well as that for the entire agency. *Provide this data using the format below, attaching addenda as necessary.*

		Preceding Year	Subject Year
Program:	Non-medical Detox	FY 2001	FY 2002
	End-of-year actual expenditures	\$775,460	\$812,404
	End-of-year actual T.O.	0	0

Program:		FY	FY
	End-of-year actual Expenditures		
	End-of-year actual T.O.		

Agency:	Office for Addictive Disorders	FY 2001	FY 2002
	End-of-year actual Expenditures	\$47,108,539	\$58,084,316
	End-of-year actual T.O.	477	465

PART THREE: EXPLANATION OF PROPOSED REWARD AND ITS USE

- I. **Aggregate amount of reward requested:** \$609,900.00
- II. **Explain how the proposed reward funding would be used, whether for non-recurring expenditures or supplemental compensation, or both:**

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

A. Non-recurring expenditures

OAD is requesting an amount of \$609,900.00. This will enable OAD to replace obsolete computers that are needed in our headquarters and regional offices used for entering treatment and service data into a new web-based application. OAD is migrating from an antiquated mainframe environment to a client-server environment with the web-based application. This web-based application will house OAD treatment and service data providing timely access to data and the needed function of ad hoc reporting which will result in an improved data reporting system. In addition, this will allow OAD to more closely track client-outcome indicators. The computer infrastructure is an important aspect of successful web-based implementation; therefore, a Tivoli Storage Management (TSM) System is being requested for tape backup and restoration. The TSM will require 2 servers, a SCSI Hard Drive Array and the Tivoli Storage Management software. Along with the TSM, a tape library is required that includes 100 tapes. This tape library automates the processing of tape backup and restoration.

OAD seeks to implement more recent technology of imaging as a means of data storage instead of the outdated paper file cabinet method. As part of this imaging solution, a scanner and a digital camera are also being requested to handle smaller in-house projects.

With the implementation of the web-based application, specialized SQL training for OAD technical staff is needed. Funding of this initiative will provide training for existing staff to maintain the application and the SQL servers. OAD is also requesting funding for a desktop publishing solution to produce annual reports, research briefs, newsletters, brochures, and education and training manuals in-house eliminating the need for costly document reproduction.

EQUIPMENT:

Personal Computers. To purchase and upgrade personal computers in our headquarters and nine (9) regional offices. OAD will upgrade personal computers in HQ for staff and in the field for clinicians to enter treatment and service data into the new web-based application. Equipment becomes obsolete quickly and needs to be replaced. The web-based application requires computers that are at least 128MB RAM with Pentium processors. Each computer will cost approximately \$1,800.00.

Servers. Servers to run Tivoli Storage Management System (TSM).

SCSI Storage Array. Hard drive space for Tivoli Storage Management (TSM)

Scanner. Scanner to load images for reproduction into text documents.

Tape Library. Automated tape unit with 100 tapes.

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Digital Camera. Digital camera to complete the desktop publishing solution. Camera will allow OAD to produce brochures, newsletters, etc in-house.

SOFTWARE:

Imaging Solution. Implement imaging solution to move from file cabinet storage of documents to digital storage of documents.

Desktop Publishing Solution. Implement a desktop publishing solution to produce documents such as annual reports, research briefs, technical manuals, training manuals and CD's in-house. This initiative saves funds in reproduction of materials as well as in design.

Tivoli Storage Management (TSM). Enterprise-wide backup and space management solution.

TRAINING:

Training. Train OAD Technical Staff in the latest technology to include SQL, SQL Server, HTML, Microsoft Dot Net as well as Data Base Administration.

Cost Summary:

<u>ITEM</u>	<u>QUANTITY</u>	<u>UNIT PRICE</u>	<u>TOTAL</u>
Personal Computers	223	1,800.00	401,400.00
Scanner	1	1,000.00	1,000.00
Servers	2	10,000.00	20,000.00
Digital Camera	1	1,000.00	1,000.00
Imaging Solution			50,000.00
Desktop Publishing Solution			2,500.00
Tivoli Storage Management			25,000.00
Tape Library			46,000.00
SCSI Hard Drive Array.			13,000.00
Training			<u>50,000.00</u>
TOTAL			\$ 609,900.00